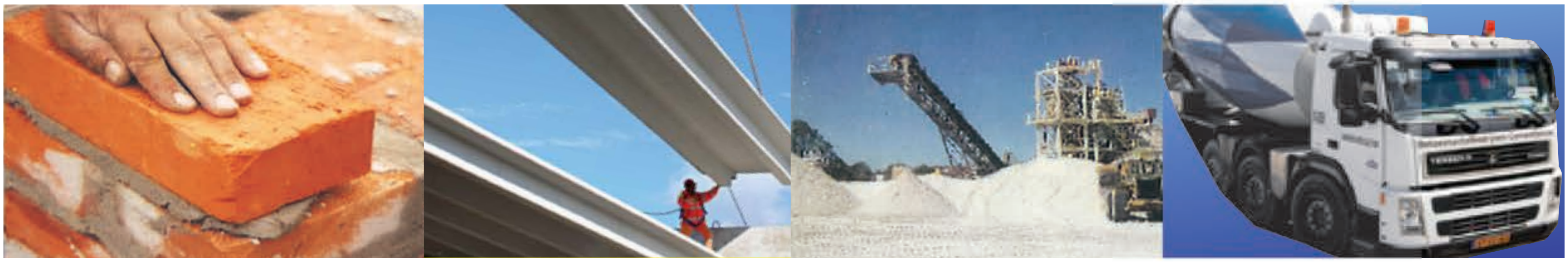
Annual **Report**

2015



FGI

FLYING CEMENT COMPANY LIMITED

The Cover Story

With the increase in literacy rate as well as standard of living in Pakistan and around Globe, great potential for our product evidently exists to achieve our future ambitious targets in quality and cost reduction. We have prepared a team of highly skilled technical engineers headed by Director Operation which is focusing on business basics like customer participation, advanced marketing techniques, State-Of-the-Art Technology, Quality of Product, Human Resource Development and Team Motivation. We are confident that by incorporating above mentioned basics, Flying Cement Company shall scale ever greater heights in production, quality and cost reduction.

At the same time an enterprise that understands social responsibility. We believe that in order to prosper ourselves, we must also help our parents and the local communities in which we work around to prosper along with us. We look forward to working with you as we continue to build for tomorrow.

We wish to thank every employee of the company who has been part of the activity during this year. Their dedication and consistent hard work made it possible for the company to earn a good name and be a premier organization for all stakeholders.

We also wish to acknowledge the contribution of our valued customers, Government of Pakistan, respected shareholders in achieving company's success and looking forward for their continued assistance in the future as well.

FLYING CEMENT COMPANY LIMITED

LIME STONE QUARRY

POWER PLANT

CONTENTS

CORE VALUES

At Flying Cement, core values are always given importance. These values are not only theoretical but in actual **fact delve** deep in the hearts of entire team.

These values are reflected with in the name of **FLYING** itself.

F = Focus We believe in **focusing** on reducing cost and improving quality thereby offering profit to our shareholders.

L = Leadership Our objective is to **lead** as a cost effective competitor. We understand the demand of cement industry at a global level as well as the needs of people within Pakistan.

Y = You Flying Cement always maintains **'You first'** approach, not only to please our customer but also to satisfy our shareholders.

I = Initiatives Taking **initiative** in incorporating modern technology to reduce cost and to improve quality.

N = New We are pioneer in using **new ideas** and strategies for the cost effective and quality cement manufacturing.

G = Global We strive to be reckoned with dignity in **global** market.

BUSINESS ETHICS

- Transparency in transactions
- Sound business policies
- Judicious use of Company's resources
- Avoidance of conflicts of interest
- Justice to all
- Integrity at all levels
- Compliance of laws of the land

STRATEGIC GOALS

- Lead Cement business
- Manufacture prime quality products
- Maintain operational, technological and managerial excellence
- Create new opportunities for business growth and diversification
- Eliminate duplication of resources to economize cost
- Maximize productivity and expand sales

THE VISION

“To be a premier quality cement manufacturing unit engaged in nation building through the most efficient utilization of resources”.

THE MISSION

“Successfully deliver quality cement by using innovative practices with the ultimate goal of increasing the satisfaction of our customers”.

“To minimize the cost of production by using state-of-the-art technology and utilizing our experience in increasing profits for our shareholders”.

Quality Policy

The quality policy of the cement is monitored through the chemical laboratories located at the site installed with latest instrumental analysis techniques directly linked through PLC to control the process of manufacturing automatically keeping lowest variation brand from the required values/parameters laid by the British Standards BS-12-1991.

Flying Cement Company is committed to produce high quality Ordinary Portland Cement (OPC) as per International and British Standards to achieve customers' satisfaction.

The company is committed to abide by all applicable legal and regulatory requirements and shall strive for continual improvements including prevention of pollution by establishing and monitoring of its Quality and Environmental objectives.

The Chairman and Management are committed to communicate and maintain this policy at all levels of the company, and achieve continual improvement through teamwork.

Environmental Protection

Management of the company is committed towards environmental protection and prevention of pollution. Flying cement has been playing its role towards the development of a better society and a better future through continual improvements in the Environmental Management System.

Cement Industry is normally considered to be highly un-friendly to the environment because of its inherent process difficulties. The management with the efforts of its employees succeeded in meeting the environmental objectives and targets after evaluating legal requirements, organizational aspects, technological options and other requirements.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Khan	Chairman
Mr. Momin Qamar	Member
Mr. Yousaf Kamran Khan	Member
Mr. Qasim Khan	Member
Mr. Asim Qamar	Member
Mrs. Shaista Imran	Member
Mrs. Samina Kamran	Member
Mr. M. Tawassal Majid	Member

CHIEF EXECUTIVE
Agha Hamayun Khan

AUDIT COMMITTEE

Mr. M.Tawassal Majid	Chairman
Mr. Qasim Khan	Member
Mr. Yousaf Kamran Khan	Member

HUMAM RESOURCE AND REMUNERATION COMMITTEE

Mr. M.Tawassal Majid	Chairman
Mrs. Samina Kamran	Member
Mr. Yousaf Kamran Khan	Member

STATUTORY AUDITORS
M/s. Tahir Siddiqi & Co.
Chartered Accountants
A member firm of TIAG Int'l

COST AUDITORS
M/s. Mumtaz Bloach & Co.
Chartered Accountants

INTERNAL AUDITOR
Mr. Imran Matloob Khan

COMPANY SECRETARY
Mr. Muhammad Azeem
cosecretary@flyingcement.com

CHIEF FINANCIAL OFFICER
Mr. Muhammad Jamil

LEGAL ADVISOR OF COMPANY
Mr. Muhammad Atif Amin, Advocate High Court

BANKERS
Askari Bank Limited
The Bank of Punjab
United Bank Limited
Al Baraka Bank (Pakistan) Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank Al-Habib Limited
Bank Al Falah Limited
Habib Bank Limited
Allied Bank Limited
Summit Bank Limited

REGISTERED HEAD OFFICE
103-Fazil Road, Lahore Cantt. Lahore
Tel: 042-36674301-5 Fax: 042-36660693
www.flyingcement.com

PLANT
25-K.m. Lilla Interchange
Lahore-Islamabad Motorway,
Mangowal, Distt. Khoshab

SHARES REGISTRAR
THK Associates (Pvt) Limited
Ground Floor, State Life Building-3
Dr. Zia Uddin Ahmed Road, P.O. Box 8533
Karachi-75530
Tel: 021-111-000-322, Fax: 021-5655595

WEB SITE
www.flyingcement.com

E-MAIL
info@flyinggroup.com.pk
info@flyingcement.com

NOTICE OF 22nd ANNUAL GENERAL MEETING

Notice is hereby given that 22nd Annual General Meeting of the shareholders of Flying Cement Company Limited will be held on Saturday October 31st 2015 at 10:00 A.M. at Astonia Drive Farm Opposite Elite Police Force Training Centre Bedian Road Lahore Cantt. to transact the following Agenda:

? To confirm minutes of 21st Annual General Meeting held on 31st of October 2014.

? To receive, consider and adopt the audited Accounts of the company for the year ended June 30th 2015 together with the Directors' and Auditors' reports thereon.

? To elect seven Directors of the company as fixed by the Board of Directors U/S 178 (1) of the Companies Ordinance, 1984. The names of retiring Directors are:

o Mr. Kamran Khan	Mr. Momin Qamar
o Mr. Yousaf Kamran Khan	Mr. Qasim Khan
o Mr. Asim Qamar	Mrs. Shaista Imran
o Mrs. Samina Kamran	Mr. M. Tawasal Majid

? To appoint the Auditors and fix their remuneration for the next Financial Year 2015-2016.

? To transact any other business with the permission of Chairman.

(By order of the Board)

(Muhammad Azeem)
COMPANY SECRETARY
Lahore: October 10, 2015

Notes:

1. The Share Transfer Books of the company will be closed from October 24th, 2015 to October 31st, 2015 (inclusive of both days).

2. A shareholder eligible to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote. Proxies in order to be effective must be in writing and must reach at Registered Office of the company not later than 48 hours before the time of the meeting.

3. Any person seeking to contest the election of Directors, whether retiring Director or otherwise, being eligible must file with Company at its Registered Office his / her intention to offer himself / herself for election of Director not later than 14 days before the date of meeting along with his / her consent to act as Director (Form 28) and statement under Code of Corporate Governance with shareholding details in his / her name, spouse and minor children in the company.

4. Original Computerized Identity Card of the shareholder is required to prove his / her identity along with account details etc. at the time of meeting. In case of corporate entities, the Board of Directors' Resolution / power of attorney with specimen signature of the Nominee (s) shall be submitted (Unless it has been provided earlier) along with proxy form.

5. Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 787 (I) / 2014 has facilitated the companies to circulate audited financial statements and notices through email to desirous shareholders. The shareholders who intend to receive the audited accounts through email are therefore, requested to kindly send their written consent to company (specimen available at Company's website at www.flyingcement.com) in order to receive the Notices and Financial Statements through email in future.

6. Shareholders are requested:

   a. To notify the change of address immediately, if any.
   b. To provide the copies of their valid CNIC's if not provided earlier.
   c. To provide the Zakat Declaration Form duly completed to share registrar (in case of physical shares) and to their respective broker (in case of CDC) if applicable.

Directors' Report

The Directors of your company have the pleasure to present before you the 22nd Annual Report of your company along with duly audited Financial Statements for the year ended June 30, 2015.

Financial Performance

	2015	2014
	(Rupees in Million)	
Net Sales	2,223	2,065
Gross Profit	120	106
Profit before tax	188	151
Profit after tax	117	100
EPS after tax in Rupees	0.67	0.57

In line with increase in cement dispatches the sales revenue of the company also rose by Rs.158 (M) as against last year. The company earned before tax profit of Rs.188 (M) as against Rs.151 (M) during last year. The company earned Rs.117 (M) after tax profit as against Rs.100 (M) during last year. During the year there was an increase in production cost mainly due to upward revision of electricity tariff, increase in royalty on lime stone and rise in other input cost. In spite of increase in cost, the company has maintained rising tendency of profit. The company under took major overhauling of the plant and machinery which resulted in better performance in production.

The cement sector of Pakistan registered an overall growth of 3.27% in terms of sales volumes during financial year ended 30th June 2015. Domestic consumption increased by 7.89% to 28.21 million MT (2014 : 26.145 million MT) while exports decreased to 7.20 million MT (2014 : 8.137 million MT registering a decline of 11.57%. Pakistan's per capita cement consumption is about 140 kg which is far less than other emerging and developing economies in the world. Thus, there is a lot of potential for cement sector to grow in the homeland.

Production & Sales Volumes

On the back of healthy growth in domestic demand for cement, the local dispatches of the company rose by 9.5% i.e. 30,248 M.tons as against the last year. Complete detail of production & dispatches is as under:-

	2015	2014
	(Metric Tons)	
Clinker Production	337,710	317,361
Cement Production	346,875	317,198
Dispatches	347,398	317,150

Future Prospects

Despite economic challenges and crippling energy crises, the country recorded GDP growth of 4.1% for the year. There has been a noticeable improvement in business climate in the country, which has also been acknowledged by leading rating agencies and renowned international financial institutions. The augurs well for the cement industry. The Industry will benefit from improved law and order situation, stable economic outlook, declining oil prices and low interest rate. The government has initiated several infrastructural projects, with particular focus on constructing highways, dams, energy related projects and housing projects.

The demand for cement is also expected to get major boost from initiation of project under Pak China Economic Corridor. Additionally, greater spending by private sector has resulted in rise in construction and housing related activities, which is fueling the demand for cement. It is, therefore, expected that the domestic demand shall increase considerably and play a vital role in higher cement dispatches in both the medium and long term.

Reasons for not declaring dividend

The company could not declare dividend due to non availability of revenue reserves. Now company has started earning profit and the company will declare dividend when sufficient reserves are built up.

Compliance with the Code of Corporate Governance

The Directors hereby confirm that:

(a) The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

(b) Proper books of accounts have been maintained by the company.

(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

(d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of the financial statements.

(e) The system of internal control is sound in design and has been effectively implemented and monitored.

(f) There are no significant doubts upon the company's ability to continue as a going concern.

(g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.

(h) Key operating and financial data for the last six years is annexed.

(i) No trade in shares of Flying Cement Company Ltd. was carried out by the directors, CEO, Head of Internal Audit, CFO, Company Secretary and their spouses and minor children except of those as reported to the regulatory authorities and disclosed in the annexed Pattern of Shareholding.

(j) Reasons for significant deviations from last years' operating results have been explained in the relevant section of the Directors' report.

(k) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.

(l) The company has no significant plans and decisions regarding corporate restructuring, business expansion and discontinuing of operations

(m)Details of number of Board and Committees meetings held during the year and attendance by each director has been disclosed below.

NO.	Name of Director	Board Meetings	Audit Committee Meetings	HR& R Committee Meetings
1	Mr. Muhammad Tawassal Majid	7	4	3
2	Mr. Kamran Khan	7	N/A	N/A
3	Mr. Yousaf Kamran Khan	8	4	2
4	Mr. Qasim Khan	6	4	N/A
5	Mr. Asim Qamar	4	N/A	N/A
6	Mrs. Shaista Imran	6	N/A	N/A
7	Mrs. Samina Kamran	6	N/A	3
8	Mr. MominQamar	7	N/A	N/A
9	Agha Hamayun Khan	8	N/A	N/A
	Total Number of Meetings Held	8	4	3

(n) The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the company for and on behalf of the shareholders.

Staff Retirement Benefits

An unfunded gratuity scheme has been maintained. Provision has been made in the financial statements accordingly for permanent employees of the company.

Auditors

The Auditors M/s. Tahir Siddiqi & Co; Chartered Accountants, are the retiring auditors of the company and offer their services for re-appointment. They confirm that they have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. The Audit Committee and the Board recommended their re-appointment by the shareholders at the Annual General Meeting of Company as Auditors for the year ended, June 30, 2016.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2015 along with disclosures as required by the Code of Corporate Governance is annexed.

Appreciation

The Directors acknowledge the devotion to duty and are appreciative of the support of employees and customers.We wish to thank every employee of the company who has been a part of the activities during this year. Their dedication and consistent hard work made it possible for the company to earn a good name and be a premier organization for all stakeholders.

We also wish to acknowledge the contribution of our valued customers, Government of Pakistan and respected shareholders in achieving company's success and looking continued assistance in the future as well.

For and on behalf of the Board.

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive
Lahore: October 10, 2015

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Name of Company : Flying Cement Company Limited
Year ending : June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the board includes:

   Independent Director
   Mr. Muhammad Tawassal Majid

   Non-Executive Directors
   Mr. Kamran Khan
   Mr. Yousaf Kamran Khan
   Mr. Qasim Khan
   Mr. Asim Qamar
   Mrs. Shaista Imran
   Mrs. Samina Kamran

   Executive Directors
   Mr. Momin Qamar
   Agha Hamayun Khan (CEO)

   The independent director meets the criteria of independence under clause i (b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision and a mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

7. The meetings of the Board were presided by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along-with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

8. The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws and their duties and responsibilities to enable them to effectively manage the affairs of the company for and on behalf of the shareholders. All members on the board are graduates and have sufficient knowledge and expertise to run the affairs of the company supported with highly skilled team of the professionals. Two directors of the company have been registered with the institution approved by the SECP to get the certification under Directors' Trainings Program. The company will ensure the certification of all board members under the directors training program within the timeframe specified in the Code.

9 All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of Independent Director(s) / CEO have been taken by the Shareholders/Board.

10. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

11. The Financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

12. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

13. The company has complied with all the corporate and financial reporting requirements of the CCG.

14. The Board has formed an Audit Committee. It comprises of three members, all of them are non- Executive Directors.

15. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the company as required by the CCG. The terms of reference of the committee have been formed by the Board and advised to the committee for compliance.

16. The board has formed an HR and Remuneration Committee. It comprises three members. All the members are non-executive directors including one independent director who is chairman of the committee.

17. The Board has setup an effective Internal Audit Function which is considered suitably qualified and experienced for the purpose and is conversant with policies and procedures of the company.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) that neither the firm nor any of the partners of the firm, their spouses and minor children at any time since the last Annual General Meeting held, purchased, sold or took any position in the shares of the company or any of its associated companies or undertakings and that the firm and all its partners are in compliance with International Federation of Accountants(IFAC) guidelines on code of ethics as adopted by the ICAP.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The “closed period” prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

22. The related party transactions have been placed before the audit committee and approved by the Board of Directors alongwith pricing methods. The transactions were carried out on terms equivalent to those that prevail in an arm's length transaction.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

AGHA HAMAYUN KHAN
Chief Executive
Lahore: October 10, 2015

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Flying Cement Company Limited (the Company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of Karachi, Lahore and Islamabad Stock Exchanges, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Mohammad Tahir Siddiqi

Lahore:
October 10 , 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FLYING CEMENT COMPANY LIMITED** (“the Company”) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the CompaniesOrdinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Tahir Siddiqi

Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Mohammad Tahir Siddiqi

Lahore:
October 10 , 2015

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital 200,000,000 ordinary shares of Rs 10/- each.		**2,000,000,000**	2,000,000,000
Issued, subscribed and paid up capital 176,000,000, ordinary shares of Rs. 10/- each.	**5**	**1,760,000,000**	1,760,000,000
Reserves	**6**	**109,218,800**	(39,175,722)
		1,869,218,800	1,720,824,278
Surplus on revaluation of fixed assets	**7**	**1,560,873,493**	1,592,175,531
NON-CURRENT LIABILITIES			
Long term liabilities	**8**	**265,384,346**	620,863,558
Liabilities against assets subject to finance lease	**9**	**-**	-
Long term deposits	**10**	**13,005,340**	13,005,340
Deferred liabilities	**11**	**587,306,875**	562,941,879
		865,696,561	1,196,810,777
CURRENT LIABILITIES			
Trade and other payables	**12**	**1,576,765,243**	1,299,404,204
Accrued interest / mark-up	**13**	**100,687,376**	100,687,376
Short term finances	**14**	**77,746,825**	73,595,504
Current portion of			
- Liabilities against assets subject to finance lease	**9**	**18,522,008**	18,522,008
Provision for taxation	**30**	**32,023,798**	10,322,849
		1,805,745,250	1,502,531,941
TOTAL LIABILITIES		**2,671,441,811**	2,699,342,718
Contingencies and commitments	**15**	**-**	-
TOTAL EQUITY AND LIABILITIES		**6,101,534,104**	6,012,342,527
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	**16**	**5,163,980,638**	5,234,261,754
Long term security deposits	**17**	**41,793,160**	41,793,160
CURRENT ASSETS			
Stores, spares & loose tools	**18**	**180,080,442**	164,335,375
Stock in trade	**19**	**396,878,718**	360,094,547
Trade debts	**20**	**6,360,421**	5,121,993
Advances, deposits, prepayments & other receivables	**21**	**288,109,305**	203,102,628
Cash and bank balances	**22**	**24,331,420**	3,633,070
		895,760,306	736,287,613
TOTAL ASSETS		**6,101,534,104**	6,012,342,527

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar
Momin Qamar
Director

Agha Hamayun Khan
Agha Hamayun Khan
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	23	**2,222,797,816**	2,064,569,791
Cost of Sales	24	**(2,103,185,113)**	(1,958,591,535)
Gross Profit		**119,612,703**	105,978,256
Operating Expenses			
Distribution Expenses	25	**(4,788,441)**	(3,577,763)
Administrative Expenses	26	**(25,356,493)**	(18,705,521)
Other Operating Expenses	27	**(14,651,219)**	(12,079,497)
		(44,796,153)	(34,362,781)
Operating Profit		**74,816,550**	71,615,475
Finance Cost	28	**(1,417,342)**	(22,870,285)
Other Income	29	**114,976,074**	102,596,695
Profit Before Taxation		**188,375,282**	151,341,885
Taxation	30	**(71,240,471)**	(50,983,546)
Profit After Taxation		**117,134,811**	100,358,339
Earnings Per Share (before tax) - Basic	31	**1.07**	0.86
Earnings Per Share (after tax) - Basic	31	**0.67**	0.57

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Profit for the year	**117,134,811**	100,358,339
Remeasurements chargeable in other comprehensive income	**(42,327)**	137,017
Total Comprehensive income for the year	**117,092,484**	100,495,356

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar

Momin Qamar
Director

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	**2015 Rupees**	2014 Rupees
Cash Flows From Operating Activities			
Profit/(Loss) before taxation		**188,375,282**	151,341,885
Adjustment for:			
Depreciation		**93,839,735**	95,441,391
Provision for gratuity		**229,559**	269,174
Finance cost		**1,417,342**	22,870,285
		95,486,636	118,580,850
		283,861,918	269,922,735
(Increase) / Decrease in Stores, spares & loose tools		**(15,745,067)**	196,427,931
(Increase) / Decrease in Stock-in-trade		**(36,784,171)**	(107,463,454)
(Increase) / Decrease inTrade debts		**(1,238,428)**	3,436,621
(Increase) / Decrease in Advances, deposits, prepayments and other receivables		**(45,220,058)**	13,653,148
Increase in Trade and other Payables		**267,038,190**	74,882,390
Cash generated from operations		**451,912,384**	450,859,371
Gratuity Paid		**-**	(289,300)
Taxes paid		**(54,910,182)**	(74,233,478)
Net Cash from Operating Activities		**397,002,202**	376,336,593
Cash Flows From Investing Activities			
Fixed Capital Expenditure		**(23,558,618)**	(296,277,508)
Net Cash (used in) Investing Activities		**(23,558,618)**	(296,277,508)
Cash Flows From Financing Activities			
Finance cost paid		**(1,417,342)**	(897,561)
Liabilities against assets subject to finance lease paid		**-**	(970,567)
Long term finance		**(355,479,212)**	(83,207,916)
Long term deposits		**-**	(400,000)
Net Cash from Financing Activities		**(356,896,554)**	(85,476,044)
Net Increase in Cash and Cash Equivalents		**16,547,030**	(5,416,959)
Cash and Cash Equivalents - at the beginning of the year		**(69,962,435)**	(64,545,476)
Cash and Cash Equivalents - at the end of the year	38	**(53,415,405)**	(69,962,435)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Ordinary Share Capital (Rs.)	Accumulated (Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
Balance as at July 01, 2013	**1,760,000,000**	**(298,114,198)**	**126,978,994**	**1,588,864,796**
Total Comprehensive Income for the Year	-	100,495,356	-	100,495,356
Incremental depreciation	-	31,464,126	-	31,464,126
Balance as at June 30, 2014	**1,760,000,000**	**(166,154,716)**	**126,978,994**	**1,720,824,278**
Total Comprehensive Income for the Year	**-**	117,092,484	-	117,092,484
Incremental depreciation	**-**	31,302,038	-	31,302,038
Balance as at June 30, 2015	**1,760,000,000**	**(17,760,194)**	**126,978,994**	**1,869,218,800**

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar

Momin Qamar
Director

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1 LEGAL STATUS AND OPERATIONS

The Company was incorporated as Public Limited Company on December 24, 1992 under the Companies Ordinance, 1984. The company is listed on Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The main objective of the company is to manufacture and sale of cement. The registered office of the company is situated at 103 Fazil Road, Lahore Cantt. and the factory in Khushab.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

(a) recognition of taxation and deferred tax;

(b) determining the residual value and useful lives of property, plant and equipment;

(c) accounting for post employment benefits;

(d) impairment of inventories / adjustment of their net realizable value.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for those as stated in the respective policies and notes given here under.

4.2 New Accounting Standards, amendments to approved accounting standards and new interpretations.

The following approved accounting standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning from the dates specified below:-

Standard		IASB Effective date(annual period beginning on or after)
IFRS 2	Share based payments- Amendments resulting from Annual Improvements 2010-2012 Cycle (definition of vesting condition)	July 01,2014
IFRS 3	Business Combination- Amendments resulting from Annual Improvements 2010-2012 Cycle (accounting for contingent consideration) and 2011-2013 Cycle (scope exception for joint ventures)	July 01,2014
IFRS 8	Operating Segments- Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets)	July 01,2014
IFRS 10	Consolidated Financial Statements- Amendments for investment entities	January 01,2014
IFRS 12	Disclosure of Interests in Other entities- Amendments for investment entities	January 01,2014
IFRS 13	Fair value measurement- Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)	July 01,2014
IAS 24	Related Party Disclosures- Amendments relating to Management entities	July 01,2014
IAS 27	Separate Financial Statements-Amendments for investment entities	January 01,2014

IAS 32	Financial Instruments Presentation - Amendments relating to the offsetting of assets and liabilities	January 01,2014
IAS 36	Impairment of assets- Amendments arising from recoverable amount: disclosure for Non Financial Assets	January 01,2014
IAS 38	Intangible Assets- Amendments for proportionate restatement of accumulated amortization on revaluation of an intangible asset	July 01,2014
IAS 39	Financial Instruments: Recognition and Measurements- Amendments for novation of derivatives	January 01,2014
IAS 40	Investment Property- Amendments resulting from Annual Improvements 2011-2013 Cycle interrelationship between IFRS 3 and IAS 40)	July 01,2014(

4.2.1 Standards, amendments and interpretations to existing accounting standards that are not yet effective and have not been early adopted by the Company are as follows:

Accounting Standards and interpretations:

IFRS 5	Non-current Assets held for sale and discontinued operations- Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01,2016
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (Servicing Contracts and Applicability of the offsetting amendments in condensed interim financial statements)	January 01,2016
IFRS 9	Financial Instruments- Amendments for incorporating requirements for classification and measurement,impairment,general hedge accounting and derecognition.	January 01,2018
IFRS 10	Consolidated Financial Statements- Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and regarding the application of the consolidation exception.	January 01,2016
IFRS 11	Joint Arrangements- Amendments regarding the accounting for acquisitions of an interest in a joint operation.	January 01,2016
IFRS12	Disclosure of Interest in Other Entities- Amendments regarding the application of the consolidation exception.	January 01,2016
IFRS 14	Regulatory Deferred Accounts	January 01,2016
IFRS15	Revenue from Contracts with customers	January 01,2017

Amendments:

IAS 1	Presentation of Financial Statements : Amendments resulting from the disclosure initiative	January 01,2016
IAS16	Property, Plant and Equipment: Amendments regarding the clarification of acceptable methods of depreciation and bringing bearer plants into scope of IAS 16	January 01,2016
IAS19	Employee Benefits: Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01,2016
IAS 27	Separate Financial Statements	January 01,2016
IAS 28	Investment in Associated and Joint Ventures	January 01,2016
IAS 34	Interim Financial Reporting: Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01,2016
IAS 38	Intangible Assets: Amendments regarding the clarification of acceptable methods of amortization	January 01,2016

The management anticipates that the adoption of the above standards and amendments in future periods have will no material impact on the Company's financial statements.

4.3 Property, Plant and Equipment

4.3.1 Owned

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land and capital work-in-progress which are stated at cost.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

An item of property, plant & equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the Profit & Loss Account in the year the asset is derecognized.

The carrying values of the Property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exist and where the carrying values exceed the recoverable amount, the assets are written down to the recoverable amounts.

Depreciation on all property, plant and equipment is charged to Profit and Loss Account on the reducing balance method, over its estimated useful life at annual rates mentioned in note 16 after taking into account their residual values. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off.

Assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each financial year end.

4.3.2 Leased

Leases wherein the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and principal liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to Profit & Loss Account over the lease term.

Depreciation on leased assets is charged at the rates specified in note 16 of the financial statements. Residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

4.4 Capital Work in Progress

Capital work in progress is stated at cost less any identified impairment loss.

4.5 Stock - in - trade

Stock of raw materials, work in process and finished goods are valued at lower of the weighted average cost and the net realizable value. The cost is determined as follows:-

Raw Materials & Work in Process	weighted average cost
Finished Goods	weighted average cost

Stock in transit is valued at cost comprising invoice value and other charges incurred thereon accumulated to the balance sheet date.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

4.6 Stores, spares & loose tools

These are valued at lower of cost and estimated net realizable value. The cost is determined on weighted average cost basis. Items in transit are valued at cost comprising invoice value and other charges thereon accumulated at the balance sheet date.

4.7 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of tax. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent to which it is probable that taxable profits will be available against which the deductible temporary difference, unused tax loss, and tax credits can be utilized. Deferred tax is charged or credited to profit & loss account.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

4.8 Trade Debts

Debtors originated by the company are recognized and carried at the original invoice value. Bad debts are written off, when identified.

4.9 Cash and Cash Equivalents

Cash and Cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks on current , saving and deposit accounts and short term borrowings under mark-up arrangements.

4.10 Trade and other payables

Trade and other payables are carried at the cost which is the fair value of the consideration to be paid in future for the goods and services received.

4.11 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at amortized cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost less subsequent repayments.

The company accounts for lease obligations by recording the asset and corresponding liability there against determined on the basis of discounted value of minimum lease payments. Financial Charges are recognized in the profit & loss account using the effective mark-up rate method.

4.12 Borrowing costs

Mark-up, interest and other direct charges on borrowings are capitalized to the related qualifying asset till substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other mark-up, interest and related charges are charged to the profit & loss account in the year in which they are incurred.

4.13 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required in the balance sheet to settle the obligation and a reliable estimate of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

4.14 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date. Exchange gains or losses are charged to Profit & Loss Account.

4.15 Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are considered in individual policy statement associated with each item.

4.16 Offsetting of Financial Assets and Liabilities

A financial asset and financial liability is offset and net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets value and settle the liability simultaneously.

4.17 Impairments

The carrying amount of Company’s assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized.

4.18 Related Party Transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.19 Staff Retirement Benefits

The company operates an unfunded gratuity scheme for all its permanent employees which provides for the graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary.

Remeasurement gains / losses as per actuarial valuation done at financial year end are recognised immediately in other comprehensive income and all other expenses are recognised in accordance with IAS-19 "Employee Benefits" in the profit and loss account. The most recent valuation was carried out as on June 30, 2015 using the “Projected Unit Credit Method”.

4.20 Dividend and appropriations

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.21 Surplus on Revaluation of Fixed Assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Fixed Assets Account" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003.

(a) Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

(b) An amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profit / (loss) through Statement of Changes in Equity to record realization of Surplus to the extent of the incremental depreciation charge for the year.

4.22 Revenue Recognition

- Revenue from sale is recognized on dispatch of goods to the customers.
- Gain on sale of property, plant and equipment is recorded when title is transferred in favour of transferee.
- Income from Banks is recognized when earned.

			2015 Rupees	2014 Rupees
5	**SHARE CAPITAL**			
	a) Authorized			
	200,000,000 (2014: 200,000,000) ordinary shares of Rs.10/- each.		**2,000,000,000**	2,000,000,000
	b) Issued, Subscribed and Paid Up.			
	- 137,419,189 (2014: 137,419,189) ordinary shares of Rs.10/- each fully paid up in cash		**1,374,191,890**	1,374,191,890
	- 22,580,811 (2014: 22,580,811) ordinary shares of Rs. 10/- each fully paid up for consideration other than cash.		**225,808,110**	225,808,110
	- 16,000,000 (2014: 16,000,000) bonus shares of Rs.10/- each fully issued as bonus shares		**160,000,000**	160,000,000
			1,760,000,000	1,760,000,000
6	**RESERVES**			
	Capital Reserve	**6.1**	**126,978,994**	126,978,994
	Revenue Reserve			
	Un-appropriated (Loss)		**(17,760,194)**	(166,154,716)
			109,218,800	(39,175,722)

6.1 Capital reserve consists of gain on disposal of 21,296,200 shares by directors / beneficial owners of the company in open market since 2008. This gain is tendered to the company as required by the Companies Ordinance, 1984.

7 SURPLUS ON REVALUATION OF FIXED ASSETS

	2015	2014
Opening Balance of Revaluation Surplus	**1,592,175,531**	1,623,639,657
Less: Surplus transferred to retained earnings (accumulated loss)		
Incremental depreciation	**46,719,460**	47,672,918
Deferred Tax effect	**(15,417,422)**	(16,208,792)
	31,302,038	31,464,126
	1,560,873,493	1,592,175,531

7.1 The company got its assets i.e. land, building, plant & machinery revalued on June 30, 2006 on the basis of current market prices by M/s Hasib Associates (Pvt.) Limited, an independent and approved valuers from Pakistan Banks Association. This amount was credited to Surplus on Revaluation of Fixed Assets account to comply with the requirements of section 235 of the Companies Ordinance, 1984. It includes surplus on revaluation of freehold land amounting to Rs.114.261 million (2014 Rs. 114.261 million).Subsequently the company got its assets revalued in June 2013 by an independent valuer. However, no material differences were identified.

8 LONG TERM LIABILITIES

		2015 Rupees	2014 Rupees
Loans from banking companies - secured	**8.1**	**149,850,000**	149,850,000
Loans from related parties - unsecured	**8.2**	**51,823,479**	331,755,841
Long term creditors		**63,710,867**	139,257,717
		265,384,346	620,863,558

8.1 LOANS FROM BANKING COMPANIES - SECURED

		2015	2014
Askari Bank Ltd. - Term Finance I	**8.1.1**	**-**	-
National Bank of Pakistan	**8.1.2**	**149,850,000**	149,850,000
		149,850,000	149,850,000
		149,850,000	149,850,000

8.1.1 Term Finance facility of Rs. 50 million was availed from Askari Bank Limited that was secured against 1st charge on present and future assets of the company, personal guarantees of directors and additional collaterals along with group inter corporate guarantees. The loan has been paid in year 2012 and release of charge is under arrangements.

8.1.2 Demand Finance of Rs.150 million (2014: Rs. 150 million) was availed from National Bank of Pakistan payable in quarterly installments. The finance is secured against 1st joint pari passu charge on entire present and future fixed assets of the sister concern Flying Board & Paper Products Limited company with 40% of margin, personal guarantees of sponsoring directors of the company and pledge of directors' shares of the company. Cross corporate guarantee of Flying Board Paper Products Limited.

8.2 LOANS FROM RELATED PARTIES - UNSECURED

Directors & shareholders loan	**8.2.1**	**51,823,479**	331,755,841
		51,823,479	331,755,841

8.2.1 The directors have personally financed a portion of the expansion project and the loan is interest free. The repayment of the loan will be made after the completion of the expansion project subject to availability of funds.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents finance lease arrangement with Saudi Pak Leasing Company Limited for leasing of machinery. Lease rentals are payable on monthly basis in advance and include finance charges. The rate of mark-up used as discount factor (implicit in the lease) ranges from 12.98% to 16.93% per annum. Taxes, repairs, replacements and insurance costs are to be borne by the Company. In the case of termination of agreement, the lessee has to pay the entire rent for un-expired period subject to certain credits. Purchase option can be exercised by the company.

	2015 Rupees			2014 Rupees		
Years	**Minimum Lease Payments**	**Finance Charges**	**Present value of Minimum Lease Payments**	Minimum Lease Payments	Finance Charges	Present Value of Minimum Lease Payments
Not later than one year	**26,381,666**	**7,859,658**	**18,522,008**	26,381,666	7,859,658	18,522,008
	26,381,666	**7,859,658**	**18,522,008**	26,381,666	7,859,658	18,522,008

		2015 Rupees	2014 Rupees
10 LONG TERM DEPOSITS- unsecured			
Dealers	**10.1**	**2,805,000**	2,805,000
Transporters	**10.2**	**10,200,340**	10,200,340
		13,005,340	13,005,340

10.1 These represents interest free security deposits from stockist and are repayable on cancellation of dealership or cessation of business. These are being utilized by the company in accordance with agreed terms.

10.2 These represents interest free security deposits from transporters and are repayable on cancellation of dealership or cessation of business. These are being utilized by the company in accordance with agreed terms.

			2015 Rupees	2014 Rupees
11	**DEFERRED LIABILITIES**			
	Deferred Taxation	11.1	**586,633,396**	562,540,286
	Gratuity	11.2	**673,479**	401,593
			587,306,875	562,941,879

11.1	**Deferred Taxation - Net**		
	Taxable temporary differences - effect thereof		
	- Excess of accounting book value of fixed assets over their tax base	**1,256,685,549**	1,287,614,514
	Deductible temporary differences - effect thereof		
	- Gratuity	**(222,248)**	(136,542)
	- Excess Tax / Minimum Tax	**(32,023,798)**	(10,322,849)
	- WPPF and WWF	**(5,685,783)**	-
	- Unused tax losses	**(632,120,324)**	(714,614,837)
		586,633,396	562,540,286

11.2 The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial techniques of Projected Unit Credit Method.

			2015 Rupees	2014 Rupees
11.2.1	**Movement in Net liability recognized in Balance Sheet**			
	Net Liability at the beginning of the year		**401,593**	558,736
	Charge for the year	11.2.3	**229,559**	269,174
	Remeasurement Chargeable to other comprehensive income		**42,327**	(137,017)
	Benefits paid during the year		**-**	(289,300)
	Net Liability at the end of year		**673,479**	401,593
11.2.2	**Movement in Present value of defined benefit obligation**			
	Present value of defined benefit obligation		**401,593**	558,736
	Current service cost		**175,344**	225,695
	Interest costs		**54,215**	43,479
	Actuarial (gain) / loss		**42,327**	(137,017)
	Benefits paid		**-**	(289,300)
			673,479	401,593
11.2.3	**Expenses recognized in Profit & loss account**			
	Current service cost		**175,344**	225,695
	Interest costs		**54,215**	43,479
	Total amount chargeable to profit and loss account		**229,559**	269,174

			2015 Rupees	2014 Rupees
11.2.4	**Change in Actuarial Gains/ (Losses)**			
	Unrecognised actuarial gains/(Losses) as at 30 June		**-**	-
	Actuarial gains/(Losses) arising during the year		**(42,327)**	137,017
	Actuarial gains/(Losses) charged to profit and loss during the year		**-**	-
	Unrecognised actuarial gains/(Losses) as at 30 June		**(42,327)**	137,017
11.2.5	**Component of defined benefit costs (re-measured) recognised in other comprehensive income**			
	Re-Measurement of plan obligation		**-**	-
	Experience adjustment		**(42,327)**	137,017
	Total remeasurements chargeable in other comprehensive income		**(42,327)**	137,017
11.2.6	**Principal actuarial assumptions**			
	Discount rate		**10.50%**	**13.50%**
	Expected rate of increase in salaries per annum		**9.50%**	**12.50%**
	Average expected remaining working life time of Employees		**9 Years**	**10 Years**
12	**TRADE AND OTHER PAYABLES**			
	Trade Payables		**1,506,886,964**	1,204,687,621
	Accrued liabilities		**3,733,360**	4,723,680
	Taxes and Other Govt. Levies payable		**64,153,581**	87,866,565
	Other liabilities		**1,991,338**	2,126,338
			1,576,765,243	1,299,404,204
13	**ACCRUED INTEREST / MARK-UP**			
	Mark-up on long term financing - secured		**77,500,600**	77,500,600
	Mark-up on short term financing - secured		**15,327,118**	15,327,118
	Finance lease		**7,859,658**	7,859,658
			100,687,376	100,687,376
14	**SHORT TERM FINANCES**			
	Loans from banking companies-secured	**14.1**	**77,746,825**	73,595,504
			77,746,825	73,595,504
14.1	**LOANS FROM BANKING COMPANIES-SECURED**			
	Banks - secured			
	Askari Bank Ltd.	**14.1.1**	**-**	-
	Albaraka Islamic Bank	**14.1.2**	**22,189,935**	18,038,614
	The Bank of Punjab			
	Demand Finance I	**14.1.3**	**47,102,600**	47,102,600
	Demand Finance II	**14.1.4**	**8,454,290**	8,454,290
			77,746,825	73,595,504

14.1.1 A letter of credit (S/U 180 days) of Rs. 60 million was obtained from Askari Bank Limited that was secured against 1st charge on current assets of the company and 5th charge on all present and future assets of the company. During the year 2012, the company has paid all its liabilities regarding above said borrowing and release of charge is under arrangements.

14.1.2 A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (2014: Rs. 22.50 million) is obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 0.20 million (2014: Rs. 0.20 million) to meet the contractual and import requirements of the company. The finance is secured against 2nd ranking charge over current assets of the company valuing Rs. 75 million, 4th ranking charge over current assets of the company for Rs.69 million, lien over import documents valuing Rs. 22.5 million and personal guarantee of all Directors of the company. Mark-up is charged as per bank's Schedule of charges.

14.1.3 Forced Demand Finance Facility of Rs. 60.904 million (2014: Rs. 60.904 million) obtained from The Bank of Punjab payable in twelve equal monthly installments. The demand finance attracts mark-up at average 1 months KIBOR + 300 BPS without floor and cap. The finance is secured against charge over current and future assets of the company and charge on fixed assets of M/s Poly Paper & Board Mills (Pvt) Ltd. and personal guarantees of directors of the both companies.

14.1.4 The Bank of Punjab has restructured / rescheduled demand finance by extending the repayment period till May 31, 2011. The outstanding markup till June 04, 2010 has been converted in to another demand finance facility repayable in twelve equal monthly installment of Rs 0.846 million. No markup is applicable on this demand finance II facility.

15 CONTINGENCIES AND COMMITMENTS

15.1 The Albaraka Islamic Bank has issued letter of guarantees on behalf of the company for the following:

- Excise Collection Office, Sindh Development & Maintenance amounting to Rs. 0.20 million

15.2 The Company has issued guarantees on behalf of their associated undertaking to various banks.

15.3 The Competition Commission of Pakistan (CCP) has issued a show cause notice to the company for an increase in prices of cement across the country. The case is currently before the Honorable High Court. The Court granted the stay order restricting the CCP to pass any adverse order(s) against the show cause notices issued to the cement manufacturers.

15.4 The company is in litigation with the Bank of Punjab on markup charged by the bank on demand finance facility. Management has not accounted for markup during the year of 6.065 million (2014: Rs. 6.06 million) because management and legal advisor are confident that the case will be decided in favour of the company.

15.5 Sales tax audit was conducted during the year and an impugned liability of Rs. 40.9 million was determined out of which Rs. 20 million has been deposited by the company under protest. The company feeling aggrieved, filed an appeal before appellate tribunal which is pending yet and is likely to be decided in favour of the company.

15.6 The company is in litigation with the National Bank of Pakistan on Markup of Demand Finance Facility of Rs. 150M (2014: Rs.150M) charged by the bank. Management ceased to account for markup. Legal advisor is confident that the case will be decided in favour of the company.

16 PROPERTY, PLANT & EQUIPMENT

		2015 Rupees	2014 Rupees
Operating Assets - tangible	16.1	**4,625,006,232**	4,714,339,709
Capital Work in Progress - at cost	16.4	**538,974,406**	519,922,045
		5,163,980,638	5,234,261,754

16.1

Particulars	Cost / Revaluation				Rate	Accumulated Depreciation				Book value
	As at 01-07-2014	Addition/ (Deletion)	Adjustment	As at 30-06-2015	%	As at 01-07-2014	Adjustment	For the period	As at 30-06-2015	as at 30-06-2015
	Rs.	Rs.		Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
Owned Assets										
Land - freehold	6,276,246	-	-	6,276,246		-	-	-	-	6,276,246
Revaluation	114,261,254	-	-	114,261,254		-	-	-	-	114,261,254
	120,537,500	-	-	**120,537,500**		-	-	-	-	**120,537,500**
Building-on freehold land	292,730,850		-	292,730,850	2	64,714,822	-	4,560,321	69,275,143	223,455,707
Revaluation	287,101,651	-	-	287,101,651	2	42,846,182	-	4,885,109	47,731,291	239,370,360
	579,832,501	-	-	**579,832,501**		**107,561,004**	-	**9,445,430**	**117,006,434**	462,826,067
Roads	**5,514,865**	-	-	**5,514,865**	**2**	**1,277,904**	-	**84,739**	**1,362,643**	**4,152,222**
Plant & machinery	2,296,785,773	3,791,257		2,300,577,030	2	320,121,598		39,548,422	359,670,020	1,940,907,010
Revaluation	2,458,637,095	-	-	2,458,637,095	2	366,919,567	-	41,834,351	408,753,918	2,049,883,177
	4,755,422,868	**3,791,257**	-	**4,759,214,125**		**687,041,165**	-	**81,382,773**	**768,423,938**	**3,990,790,187**
Electrical installations	**17,235,285**	**715,000**	-	**17,950,285**	**10**	**6,860,159**	-	**1,073,263**	**7,933,422**	**10,016,863**
Tools & equipment	**1,391,363**	-	-	**1,391,363**	**10**	**621,509**	-	**76,985**	**698,494**	**692,869**
Furniture, fixtures & equipment	**1,524,309**	-	-	**1,524,309**	**10**	**905,057**	-	**61,925**	**966,982**	**557,327**
Vehicles	**23,443,385**	-	-	**23,443,385**	**10**	**11,297,585**	-	**1,214,580**	**12,512,165**	**10,931,220**
Sub Total	**5,504,902,076**	**4,506,257**	-	**5,509,408,333**		**815,564,383**	-	**93,339,695**	**908,904,078**	**4,600,504,255**
Leased Assets		-								
Plant & machinery	28,800,000	-	-	28,800,000	2	3,797,984		500,040	4,298,024	**24,501,976**
Sub Total	**28,800,000**	-	-	**28,800,000**		**3,797,984**	-	**500,040**	**4,298,024**	**24,501,976**
Total	**5,533,702,076**	**4,506,257**	-	**5,538,208,333**		**819,362,367**	-	**93,839,735**	**913,202,102**	**4,625,006,231**

16.2 Depreciation for the year has been allocated as under:

	2015 Rupees	2014 Rupees
Cost of Goods Sold	**92,563,230**	94,213,259
Administrative expenses	**1,276,505**	1,228,132
	93,839,735	95,441,391

16.1

Particulars	Cost / Revaluation As at 01-07-2013	Cost / Revaluation Addition/ (Deletion)	Cost / Revaluation Adjustment	Cost / Revaluation As at 30-06-2014	Rate %	Accumulated Depreciation As at 01-07-2013	Accumulated Depreciation Adjustment	Accumulated Depreciation For the period	Accumulated Depreciation As at 30-06-2014	Book value as at 30-06-2014
	Rs.	Rs.		Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
Owned Assets										
Land - freehold	6,276,246	-	-	6,276,246		-	-	-	-	6,276,246
Revaluation	114,261,254	-	-	114,261,254		-	-	-	-	114,261,254
	120,537,500	**-**	**-**	**120,537,500**		**-**	**-**	**-**	**-**	**120,537,500**
Building-on freehold land	292,730,850	-	-	292,730,850	2	60,061,434	-	4,653,388	64,714,822	228,016,028
Revaluation	287,101,651	-	-	287,101,651	2	37,861,377	-	4,984,805	42,846,182	244,255,469
	579,832,501	**-**	**-**	**579,832,501**		**97,922,811**	**-**	**9,638,193**	**107,561,004**	472,271,497
Roads	5,514,865	-	-	5,514,865	2	1,191,435	-	86,469	1,277,904	4,236,961
Plant & machinery	2,291,025,653	5,760,120	-	2,296,785,773	2	279,889,270	-	40,232,328	320,121,598	1,976,664,175
Revaluation	2,458,637,095	-	-	2,458,637,095	2	324,231,454	-	42,688,113	366,919,567	2,091,717,528
	4,749,662,748	**5,760,120**	**-**	**4,755,422,868**		**604,120,724**	**-**	**82,920,441**	**687,041,165**	**4,068,381,703**
Electrical installations	15,043,285	2,192,000	-	17,235,285	10	5,864,310	-	995,849	6,860,159	10,375,126
Tools & equipment	1,137,802	253,561	-	1,391,363	10	559,447	-	62,062	621,509	769,854
Furniture, fixtures & equipment	1,524,309	-	-	1,524,309	10	836,251	-	68,806	905,057	619,252
Vehicles	21,160,885	2,282,500	-	23,443,385	10	10,138,259	-	1,159,326	11,297,585	12,145,800
Sub Total	**5,494,413,895**	**10,488,181**	**-**	**5,504,902,076**		**720,633,237**	**-**	**94,931,146**	**815,564,383**	**4,689,337,693**
Leased Assets								-		
Vehicles	-	-	-	-		-	-	-	-	
		-								
Plant & machinery	28,800,000	-	-	28,800,000	2	3,287,739		510,245	3,797,984	25,002,016
Sub Total	**28,800,000**	**-**	**-**	**28,800,000**		**3,287,739**	**-**	**510,245**	**3,797,984**	**25,002,016**
Total	**5,523,213,895**	**10,488,181**	**-**	**5,533,702,076**		**723,920,976**	**-**	**95,441,391**	**819,362,367**	**4,714,339,709**

16.2 Depreciation for the year has been allocated as under:

	2014 Rupees	2013 Rupees
	94,213,259	89,306,619
Cost of Goods Sold	**1,228,132**	1,299,890
Administrative expenses		
	95,441,391	90,606,509

			2015 Rupees	2014 Rupees
16.3	Had there been no revaluation the carrying amount of the assets would be:			
	Land		**6,276,246**	6,276,246
	Building		**223,455,707**	228,016,028
	Plant & Machinery		**1,940,907,010**	1,976,664,175
			2,170,638,963	2,210,956,449
16.4	**CAPITAL WORK IN PROGRESS**			
	Building		**104,609,086**	104,609,087
	Plant & machinery		**434,365,320**	415,312,958
			538,974,406	519,922,045
17	**LONG TERM SECURITY DEPOSITS**			
	Lease key money		**23,200,000**	23,200,000
	Security deposits-WAPDA		**18,593,160**	18,593,160
			41,793,160	41,793,160
18	**STORES, SPARES AND LOOSE TOOLS**			
	Stores & Spares		**6,912,252**	24,262,037
	Furnace oil, coal & lubricants		**173,168,190**	140,073,338
			180,080,442	**164,335,375**
19	**STOCK IN TRADE**			
	Raw & Packing material		**69,901,564**	63,494,371
	Work in process	**24**	**322,738,467**	289,340,981
	Finished goods	**24**	**4,238,687**	7,259,195
			396,878,718	360,094,547
20	**TRADE DEBTS-** considered good though unsecured		**6,360,421**	**5,121,993**
21	**ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES**			
	Advances to suppliers - Unsecured, considered good		**56,081,022**	63,530,553
	Advances to staff - Unsecured, considered good		**495,600**	207,400
	Margin held by banks		**4,405,548**	3,647,722
	Advance income tax		**190,489,135**	135,578,953
	Sales tax & excise duty tax year 2013		**20,000,000**	-
	Other advances		**16,638,000**	138,000
			288,109,305	203,102,628
22	**CASH AND BANK BALANCES**			
	In Hand		**5,666,921**	1,540,558
	At Banks- current accounts		**18,664,499**	2,092,512
			24,331,420	3,633,070

			2015 Rupees	2014 Rupees
23	**SALES**			
	Gross Sales			
	Local - Cement		**2,851,162,048**	2,541,222,743
	Export		**-**	22,605,846
			2,851,162,048	2,563,828,589
	Less :			
	Sales Tax		**482,270,144**	369,237,198
	Excise Duty		**141,844,208**	124,977,600
	Rebate/Commission on Sales		**4,249,880**	5,044,000
			628,364,232	499,258,798
	NET SALES		**2,222,797,816**	2,064,569,791
24	**COST OF SALES**			
	Raw Material Consumed		**55,190,070**	54,174,462
	Furnace Oil, Diesel, Coal and Lubricants consumed		**762,620,638**	649,532,651
	Atmospheric Loss		**-**	10,513,928
	Packing Material consumed		**165,422,999**	146,720,083
	Stores and Spares consumed		**7,398,849**	4,728,545
	Salaries , Wages and Benefits		**51,743,949**	47,319,039
	Water Charges		**667,783**	430,622
	Electricity		**953,419,917**	972,252,950
	Extraction Charges		**31,586,750**	29,562,225
	Repair and Maintenance		**3,791,111**	3,717,468
	Vehicle Running Expenses		**3,590,502**	3,397,490
	Communication		**507,097**	290,586
	Entertainment		**118,212**	190,533
	Rent, Rates and Taxes		**44,400**	2,000
	Printing and Stationery		**176,572**	245,136
	Traveling and Conveyance		**646,371**	1,001,444
	Other Manufacturing Expenses		**4,073,641**	4,091,448
	Depreciation	**16.2**	**92,563,230**	94,213,259
			2,133,562,091	2,022,383,869
	Work In Process			
	Opening stock		**289,340,981**	226,083,349
	Closing stock		**(322,738,467)**	(289,340,981)
			(33,397,486)	(63,257,632)
			2,100,164,605	1,959,126,237
	Cost of Goods Manufactured			
	Finished Goods			
	Opening stock		**7,259,195**	6,724,493
	Closing stock		**(4,238,687)**	(7,259,195)
			3,020,508	(534,702)
	Cost of Sales		**2,103,185,113**	1,958,591,535

25 DISTRIBUTION COST

	2015 Rupees	2014 Rupees
Salaries , Wages and Benefits	**4,415,980**	3,083,487
Rent, Rates and Taxes	**212,400**	180,000
Traveling, Conveyance and Vehicle Running	**20,200**	24,400
Printing and Stationery	**-**	94,289
Communication	**20,290**	25,930
Electricity, Water & Sui Gas	**12,588**	13,710
Advertisement	**72,600**	124,840
Entertainment & Miscellaneous	**34,383**	31,107
	4,788,441	3,577,763

Salaries , Wages and Benefits includes Rs.114,640/- (2014: Rs.99,487/-) in respect of gratuity.

26 ADMINISTRATIVE EXPENSES

	Note	2015 Rupees	2014 Rupees
Salaries , Wages and Benefits	**26.1**	**5,062,349**	3,384,949
Director's Remuneration		**11,400,000**	6,650,000
Traveling, Conveyance and Vehicle Running		**1,027,092**	772,012
Printing and Stationery		**-**	25,943
Legal and Professional		**2,975,000**	1,397,300
Communication		**1,634,937**	710,666
Rent, Rates, Taxes and Other Charges		**-**	58,963
Charity and Donation	**26.2**	**270,210**	321,885
Fee and Subscription		**1,675,655**	1,953,422
Insurance		**32,745**	2,186,249
Entertainment & Miscellaneous		**2,000**	16,000
Depreciation	**16.2**	**1,276,505**	1,228,132
		25,356,493	18,705,521

26.1 Salaries , Wages and Benefits includes Rs.114,919/- (2014: Rs. 169,687/-) in respect of gratuity.

26.2 The company has paid the charity and donation of Rs.270,210/- (2014: Rs. 321,885/-) and directors or their spouses were not interested in the donee.

27 OTHER EXPENSES

	2015 Rupees	2014 Rupees
Workers' Profit Participation Fund	**10,116,825**	8,171,069
Workers' Welfare Fund	**3,844,394**	3,268,428
Auditors' Remuneration	**690,000**	640,000
	14,651,219	12,079,497

		2015 Rupees	2014 Rupees
27.1	**Auditors' Remuneration**		
	Tahir Siddiqi & Co.		
	-statutory audit	**600,000**	550,000
	Mumtaz Balouch & Co.		
	-cost audit	**90,000**	90,000
		690,000	640,000
28	**FINANCE COST**		
	Lease Finance Charges	**-**	238,757
	Mark up	**937,185**	21,765,835
	Bank Charges and Commission	**480,157**	865,693
		1,417,342	22,870,285
29	**OTHER INCOME**		
	Sales of Trees & Scrap	**32,546,213**	-
	Creditors written off (Over Three Years)	**72,501,563**	102,596,695
	Other Balances Written off	**9,928,298**	-
		114,976,074	102,596,695

		2015 Rupees	2014 Rupees
30	**TAXATION**		
	Prior	**15,123,563**	5,588,300
	Current	**32,023,798**	10,322,849
		47,147,361	15,911,149
	Deferred (Income)/Expense		
	-Current	**40,638,413**	50,187,550
	-Gratuity	**-**	(45,955)
	-Rate Change	**(16,545,303)**	(15,069,198)
		71,240,471	50,983,546

	2015 Rupees	2014 Rupees
31 EARNINGS / (LOSS) PER SHARE-BASIC		
There is no dilutive effect on the earning per share, and basic earning per share is based on:		
Profit before taxation	**188,375,282**	151,341,885
Profit after taxation	**117,134,811**	100,358,339
	(No. of shares)	
Weighted average number of ordinary shares	**176,000,000**	176,000,000
	(Rupees)	
31.1 Earnings per share (before tax) - Basic	**1.07**	0.86
31.2 Earnings per share (after tax) - Basic	**0.67**	0.57

32 NUMBER OF EMPLOYEES

Total number of employees at the end of year.	**252**	245

33 RELATED PARTIES TRANSACTIONS

Related parties of the company comprise associated undertakings, directors, key employees and management personnel. Detail of transactions with related parties except remuneration and benefits to directors and management personnel under their terms of employment, are as under:

Sales to Associated Companies	**-**	-
Purchases from Associated Companies	**172,864,737**	83,515,835

34 FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company 's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor the risks and adherence to the limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Board is assisted in its oversight role by Internal Audit Function. Internal Audit Functions undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

34.1 Credit risk

The company's Credit risk exposures are categorized under the following heads:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

	2015 Rupees	2014 Rupees
Trade debtors	**6,360,421**	5,121,993
Advances, deposits, prepayments and other receivables	**21,539,148**	3,993,122
Cash at banks	**18,664,499**	2,092,512
	46,564,068	11,207,627

The trade debts at the balance sheet date are all domestic debts.

The aging of trade receivables at the reporting date:

Not past due	**1,526,501**	1,229,278
Past due 1-30 days	**2,353,356**	1,895,137
Past due 31-60 days	**1,526,501**	1,229,278
Past due 61-90 days	**636,042**	512,199
Over 90 days	**318,021**	256,100
	6,360,421	5,121,993

Based on historic records, the company believes that no impairment allowance in respect of loans and receivables is required.

34.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

At June 30 , 2015	**Carrying amount**	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**One to two years**	**Two to five years**
Long term finances	201,673,479	201,673,479	-	-	-	201,673,479
Trade and other payable	1,512,611,662	1,512,611,662	1,512,611,662	-	-	-
Accrued Markup	100,687,376	100,687,376	100,687,376	-	-	-
Short term borrowings	77,746,825	77,746,825	77,746,825	-	-	-
Liabilities against assets subject to finance lease	18,522,008	18,522,008	18,522,008	-	-	-
	1,911,241,350	**1,911,241,350**	**1,709,567,871**	-	-	**201,673,479**

At June 30 , 2014	**Carrying amount**	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**One to two years**	**Two to five years**
Long term finances	481,605,841	481,605,841	-	-	-	481,605,841
Trade and other payable	1,211,537,639	1,211,537,639	1,211,537,639	-	-	-
Accrued Markup	100,687,376	100,687,376	100,687,376	-	-	-
Short term borrowings	73,595,504	73,595,504	73,595,504	-	-	-
Liabilities against assets subject to finance lease	18,522,008	18,522,008	18,522,008	-	-	-
	1,885,948,368	**1,885,948,368**	**1,404,342,527**	-	-	**481,605,841**

34.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

34.3.1 Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:

	Effective rate in %		Carrying Amount (Rupees)	
	2015	2014	**2015**	2014
Financial Liabilities				
Variable Rate instruments:				
Short term borrowings	**9.73 to 10.18**	13.17 to 13.18	**77,746,825**	73,595,504
Long term borrowings	**10.23 to 13.68**	14.22 to14.68	**149,850,000**	149,850,000
Lease financing	**12.98 to 16.43**	15 to 18.6	**18,522,008**	18,522,008

34.3.1.1 Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rate at the reporting date would not affect profit and loss account.

34.3.1.2 Cash flow sensitivity analysis for various rate instruments

A change of 100 basis points in interest rate at the reporting date would have increased / (decreased) profit or loss by amount shown below. This analysis assumes that all other variables, in a particular foreign currency rate (if any), remains constant. The analysis is performed on the same basis as for the previous year:-

	Rupees	Rupees
	Increase Profit	**Decrease Profit**
As at June 30, 2015	**2,461,188**	(2,461,188)
As at June 30, 2014	**2,419,675**	(2,419,675)

The sensitivity analysis prepared is not necessarily indicative of the effect on profit / (loss) for the year and assets / liabilities of the company.

34.3.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

34.3.3 Currency Risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to change in foreign exchange rates. It arises mainly where receivable and payable exist due to transactions entered into foreign currencies. The company is exposed to currency risk on import of machinery mainly dominated in US dollars. The Company's exposure to foreign currency risk for US dollars is as follows:

	2015 Rupees	2014 Rupees
Outstanding letter of credits	**-**	18,038,614
Average rate	**-**	99.05
Reporting date rate	**-**	98.75

34.3.3.1 Sensitivity Analysis

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of outstanding letter of credits.

The effect on profit and loss account is	**-**	1,803,861

The weakening of PKR against foreign currencies would have an equal but opposite impact on the post tax profit. The sensitivity analysis prepared is not necessarily indicative of the effects on (loss)/profit for the year and assets/liabilities of the Company.

34.4 Fair values of the financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

35 Capital Risk Management

The Company's prime objective when managing capital is to safeguard its ability to continue as going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital employed. Total capital employed is calculated as equity as shown in the balance sheet plus debt.

	2015 Rupees	2014 Rupees
Total Borrowings	**297,942,312**	573,723,353
Total Equity	**1,869,218,800**	1,720,824,278
Total Capital Employed	**2,167,161,112**	2,294,547,631
Gearing Ratio	**13.75%**	25.00%

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		**Directors**		**Executives**	
	2015 Rupees	2014 Rupees	**2015 Rupees**	2014 Rupees	**2015 Rupees**	2014 Rupees
Managerial remuneration	**829,000**	756,000	**10,360,000**	5,985,000	**2,180,000**	1,800,000
Medical allowance	**83,000**	84,000	**1,040,000**	665,000	**220,000**	180,000
	912,000	**840,000**	**11,400,000**	6,650,000	**2,400,000**	1,980,000
Number of persons	**1**	1	**3**	3	**5**	5

37 PRODUCTION CAPACITY

	Installed Capacity		Actual production	
	2015	2014	**2015**	2014
	Tons	Tons	**Tons**	Tons
Clinker	**600,000**	600,000	**337,710**	317,361
Cement	**600,000**	600,000	**346,875**	317,198

Reason for shortfall

The major reason of short fall in production vis-à-vis production capacity is due to old Plant & Machinery causing frequent break down of the Plant. Further, frequent long load shedding of Electricity also augmented the short fall of the production.

		2015 Rupees	2014 Rupees
38	**CASH AND CASH EQUIVALENTS**		
	Cash & Bank balances	**24,331,420**	3,633,070
	Short term finances	**(77,746,825)**	(73,595,504)
		(53,415,405)	(69,962,435)

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 10, 2015 by the board of directors of the company.

40 GENERAL

- Figures in the financial statements have been rounded off to the nearest rupee.

- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

Operating and Financial Data

Particulars	2015	2014	2013	2012	2011	2010
			(Restated)			
Operating Results (Rs.)						
Net Sales	2,222,797,816	2,064,569,791	841,229,501	1,307,903,515	723,948,685	80,616,760
Gross Profit / (Loss)	119,612,703	105,978,256	(5,151,382)	(169,394,484)	(163,017,463)	(159,072,514)
Pre tax profit / (loss)	188,375,282	151,341,885	29,750,399	(256,573,894)	(222,408,210)	(201,969,892)
After tax profit / (loss)	117,134,811	100,358,339	11,117,733	28,487,253	(145,941,419)	(172,173,547)
Financial Position (Rs.)						
Current Assets	895,760,306	736,287,613	778,473,782	618,103,131	529,559,977	692,300,326
Current Liabilities	1,805,745,250	1,502,531,941	1,395,684,687	1,088,722,485	808,323,585	745,860,161
Property, Plant & Equipments	5,163,980,638	5,234,261,754	5,033,425,637	4,940,369,960	4,901,092,134	4,856,004,029
Total Assets	6,101,534,104	6,012,342,527	5,853,692,579	5,600,266,251	5,454,762,161	5,548,304,355
Long Term Liabilities	278,389,686	633,868,898	717,476,814	792,874,495	677,953,874	600,716,992
Share Holders' Equity	1,869,218,800	1,720,824,278	1,588,864,796	1,546,258,571	1,485,506,223	1,598,524,077
Ratios (%)						
Current Ratio	0.50	0.49	0.56	0.57	0.66	0.93
Debt to Equity Ratio	13.75%	25.00%	33.39%	35.14%	38.44%	0.38
Gross Profit to Sale Ratio	5.38%	5.13%	-0.61%	-12.95%	-22.52%	-197.32%
Net Profit to Sales Ratio (before tax)	8.47%	7.33%	3.54%	-19.62%	-30.72%	-250.53%
Earning Per Share (Rs.)						
Basic (before tax)	1.07	0.86	0.17	(1.46)	(1.26)	(1.15)
Basic (after tax)	0.67	0.57	0.06	0.16	(0.83)	(0.98)

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2015

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
547	1	100	26963
366	101	500	159307
1454	501	1000	942350
826	1001	5000	2200099
231	5001	10000	1906380
72	10001	15000	917807
43	15001	20000	817382
35	20001	25000	837300
20	25001	30000	574350
7	30001	35000	230050
10	35001	40000	379000
8	40001	45000	344500
21	45001	50000	1041000
4	50001	55000	210549
5	55001	60000	294000
3	60001	65000	191850
3	70001	75000	217000
2	75001	80000	154000
1	80001	85000	85000
3	85001	90000	265500
1	90001	95000	95000
15	95001	100000	1498291
1	100001	105000	101000
1	105001	110000	110000
1	110001	115000	111500
3	115001	120000	360000
3	120001	125000	373000
1	125001	130000	126000
1	145001	150000	150000
1	165001	170000	168500
1	190001	195000	194000
1	195001	200000	200000
1	205001	210000	206500
1	240001	245000	245000
1	275001	280000	277000
1	295001	300000	300000
1	320001	325000	320265
1	340001	345000	345000
1	455001	460000	455500
1	475001	480000	476000
1	635001	640000	635500
1	645001	650000	647050
1	735001	740000	735500
1	795001	800000	800000
1	815001	820000	816000
1	925001	930000	929000
1	995001	1000000	1000000
1	1070001	1075000	1075000
1	1465001	1470000	1469000
1	1650001	1655000	1651000
1	1995001	2000000	2000000
1	2160001	2165000	2160050
1	2670001	2675000	2674500
1	2995001	3000000	3000000
1	3495001	3500000	3495624
1	3690001	3695000	3691500
1	3995001	4000000	4000000
1	5035001	5040000	5039280
1	7005001	7010000	7009400
1	11055001	11060000	11055550
1	11080001	11085000	11082007
1	14830001	14835000	14834314
1	15620001	15625000	15622798
2	16795001	16800000	33599549
1	29070001	29075000	29070435
3725	Total		176,000,000

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2015

Particulars	Shareholders	Shares held	Percentage
Directors, CEO, Spouse & Children	11	113,321,933	64.3875
Associated Companies	1	2,674,500	1.5196
Banks, DFI, NBFI	1	25,000	0.0142
Modarabas, Mutual Funds	1	5	0.0000
General Public (Local)	3656	54,900,229	31.1933
General Public (Foreign)	31	225,721	0.1283
Others	24	4,852,612	2.7572
Total	**3725**	**176,000,000**	**100**

PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION AS AT JUNE 30, 2015

SHAREHOLDERS CATEGORY		No. of Shares held
ASSOCIATED COMPANIES		
M/S.Flying Kraft Paper Mills (Pvt) Ltd		2674500
MUTUAL FUNDS		
First Equity Modaraba		
N.H.Capital Fund Limited		5
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN		
Mr. Muhammad Tawassal Majid		1500
Mr. Kamran Khan		14834314
Mr. Momin Qamar		29070435
Mr. Yousaf Kamran Khan		11082007
Mr. Qasim Khan		647050
Mrs. Shaista Imran		5039280
Mrs.Samina Kamran		15622798
Mr. Asim Qamar		2160050
Mrs. Misbah Momin (W/O Mr. Momin Qamar)		7009400
Mr. Imran Qamar (Father of Mr. Asim Qamar)		16799549
Mr. Bilal Qamar (Brother of Mr. Asim Qamar)		11055550
EXECUTIVES		-
PUBLIC SECTOR COMPANIES AND CORPORATIONS		-
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS AND INSURANCE COMPANIES.		25000
OTHERS		4852612
SHAREHOLDERS HOLDING 5% OR MORE (other than those reported in Directors)		-
INDIVIDUALS	Local	54900229
(other than directors and their spouses)	Foreign	225721

The CEO, Directors, CFO, Head of Internal Auditors, Company Secretary and their spouses and minor children have made no Sale / Purchase in the shares of company during the financial year ended June 30, 2015 other than below:

FLYING CEMENT COMPANY LIMITED
22nd Annual General Meeting

Registered Folio / Participant ID No. & A/c No.
No. of Shares Held

PROXY FORM

IMPORTANT

Instruments of Proxy will not be considered as valid unless deposited or received at the Company's Registered Office at 103-Fazil Road, Lahore Cantt. Not later than 48 hours before the time of holding the meeting.

I /We ____
of ____ being a member of **Flying Cement Company Limited** and holder of ________ Shares do hereby authorize __________ of – – – – – – – – – – another member of the company as my / our proxy to attend and vote for me /us and on my /our behalf at the 22nd Annual General Meeting of the Company to be held on Saturday, 31st October, 2015 at 10:00 hours place at or any adjournment thereof.

Signature

Please affix
Rupees Five
revenue stamp

Witnesses:

1. Signature: ____________________
   Name ____________________
   Address: ____________________
   ____
   CNIC or Passport ________________

2. Signature: ____________________
   Name ____________________
   Address: ____________________
   ____
   CNIC or Passport ________________

Dated ------------------- 2015

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AFFIX
CORRECT
POSTAGE

The Company Secretary,

Flying Cement Company Limited

103-Fazil Road, St. John Park,

Lahore Cantt. Pakistan

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